

FISCAL NOTE

HB 963 - SB 1831

March 31, 2005

SUMMARY OF BILL: Creates a special allocation to any incorporated town or city that is the county seat of a county and has a population of not more than 120,000 according to the 1990 federal census that contains a courthouse revitalization zone (CRZ). Allocates state and local sales tax revenues collected within the CRZ to the municipality for the exclusive purpose of maintaining and improving the viability of the courthouse CRZ.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$8,250 One-Time

Other Fiscal Impact – Fiscal impact of this bill is dependent upon the number of counties that will choose to participate in the CRZ program, the number of taxpayers within each CRZ, and the amount of tax revenue each taxpayer generates. To the extent there are 20 taxpayers per CRZ, each taxpayer remits \$25,000 in annual tax revenues, and 85 counties participate, state revenues are estimated to decrease by approximately \$42,500,000 per year, and local government revenues are estimated to increase by a net amount of \$40,700,000. Local option sales tax revenues collected within a CRZ would be earmarked for the exclusive purpose of maintaining and improving the viability of the courthouse CRZ.

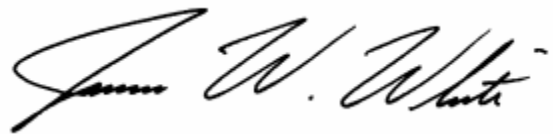
Assumptions:

- CRZ is defined as an area in a municipality officially designated by ordinance or resolution as the courthouse square revitalization zone, in which the county's courthouse is located, and which is approved and certified by the Department of Finance and Administration.
- Approximately 85 counties would qualify for a CRZ according to the criteria of this bill.
- Number of counties that would take advantage of the program is unknown.
- Number of taxpayers within each CRZ is unknown.
- Taxpayers within the county seats authorized to take advantage of the program remits annual state sales tax payments ranging from \$9,400 to \$64,250, and averages approximately \$25,000 per taxpayer.

- To the extent there are 20 taxpayers per CRZ, each taxpayer remits \$25,000 in annual tax revenues, and 85 counties participate, state revenues are estimated to decrease by approximately \$42.5 million per year.
- Local government revenues would benefit from the \$42.5 million allocation.
- The \$42.5 million allocation to the local governments would be reduced by the amount of state-shared tax revenue lost on the \$42.5 million, which is estimated at \$1.8 million ($\$42.5 \text{ million} \times 4.2462\% = \$1,804,635$).
- Net increase to local government revenues is estimated at \$40.7 million (\$42.5 million increase - \$1.8 million decrease = \$40.7 million net increase).
- Local option taxes collected within any CRZ would be earmarked for the exclusive purpose of maintaining and improving the viability of the courthouse CRZ.
- One-time state expenditures for computer programming and software modifications are estimated at \$8,250.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible.

James W. White, Executive Director